

Mr. Irwin Angus

Thank you for meeting with the Anaconda group to discuss relief from the minimum production requirements of the production levy act for the year 1976.

Anaconda operates two aluminum reduction plants--one at Columbia Falls, Montana with a rated capacity of 180,000 short tons of aluminum, another at Sebree, Kentucky with a rated capacity of 120,000 short tons of aluminum, for a total rated capacity of 300,000 short tons. When operating at its rated capacity, the Columbia Falls plant requires 345,000 short tons of alumina and the Sebree plant 233,000 short tons of alumina, for a total of 578,000 short tons. However, each of these plants has been curtailed as a result of the economic recession. The Columbia Falls plant requires only 209,000 short tons of alumina and the Sebree plant 201,000 short tons of alumina, for a total of 410,000 short tons of alumina for the year 1976 at the present rate of operation.

On January 1, 1976, Anaconda had an inventory of 208,020 short tons of alumina. Alpart has planned production for the year 1976 at the rate of 850,000 short tons. Anaconda's contractual portion of this production is 26.923% for a total of 228,846 short tons of alumina. When added to the existing inventory, this provides a total of 436,866 short tons of alumina, an excess over the 410,000 short tons required for operation of both the Columbia Falls and Sebree reduction plants. Anaconda's only interest in any bauxite and alumina operations is its 26.923% partnership interest in Alpart.

Applying the last available quarterly bauxite-alumina conversion ratio, which was 2.3018 long dry tons of bauxite per short dry ton of alumina, results in the use of 526,758 long dry tons of bauxite for the production of Anaconda's share of 228,846 short tons of alumina ($228,846 \times 2.3018$ equals 526,758 long dry tons bauxite.)

We will appreciate your written consent to the present rate of production at Alpart of 850,000 short tons per year and Anaconda's share thereof in the amount of 228,846 short tons as a satisfactory level of production for the application of the production levy for the calendar year 1976 in lieu of the minimum provided for in the Act.